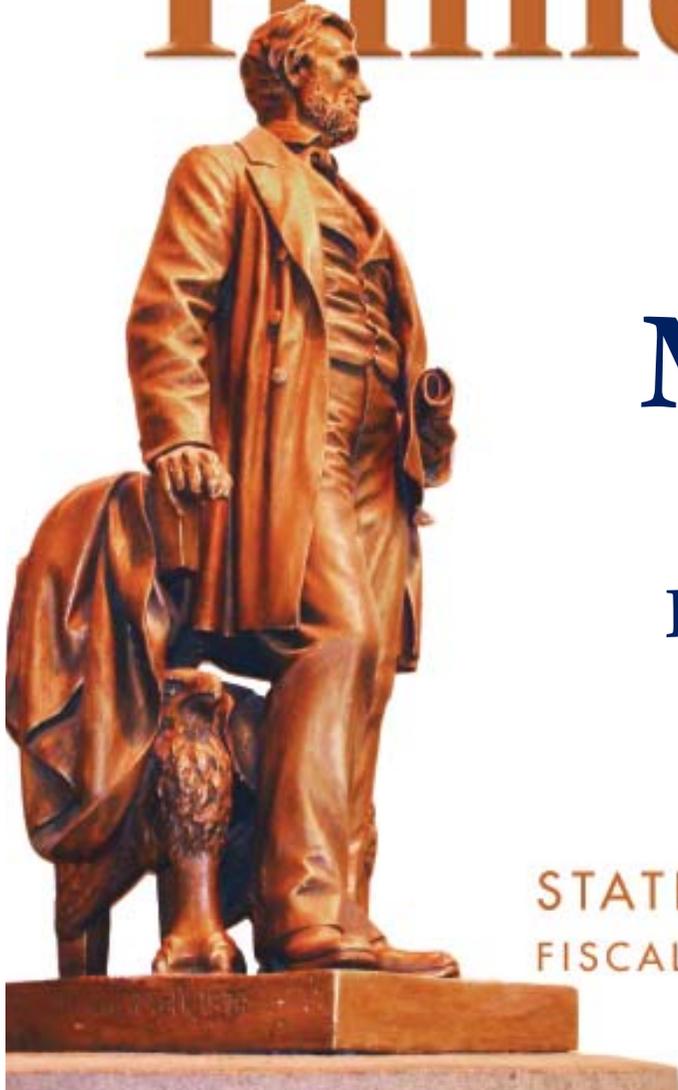


Illinois



MOVING FORWARD

Stabilizing Our Budget

Building & Growing Our Economy

STATE BUDGET
FISCAL YEAR 2013



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WHAT WE HAVE ACHIEVED WORKING TOGETHER

Capital & Illinois Jobs Now!

Education reform

Pensions

Medicaid

Workers' compensation reform

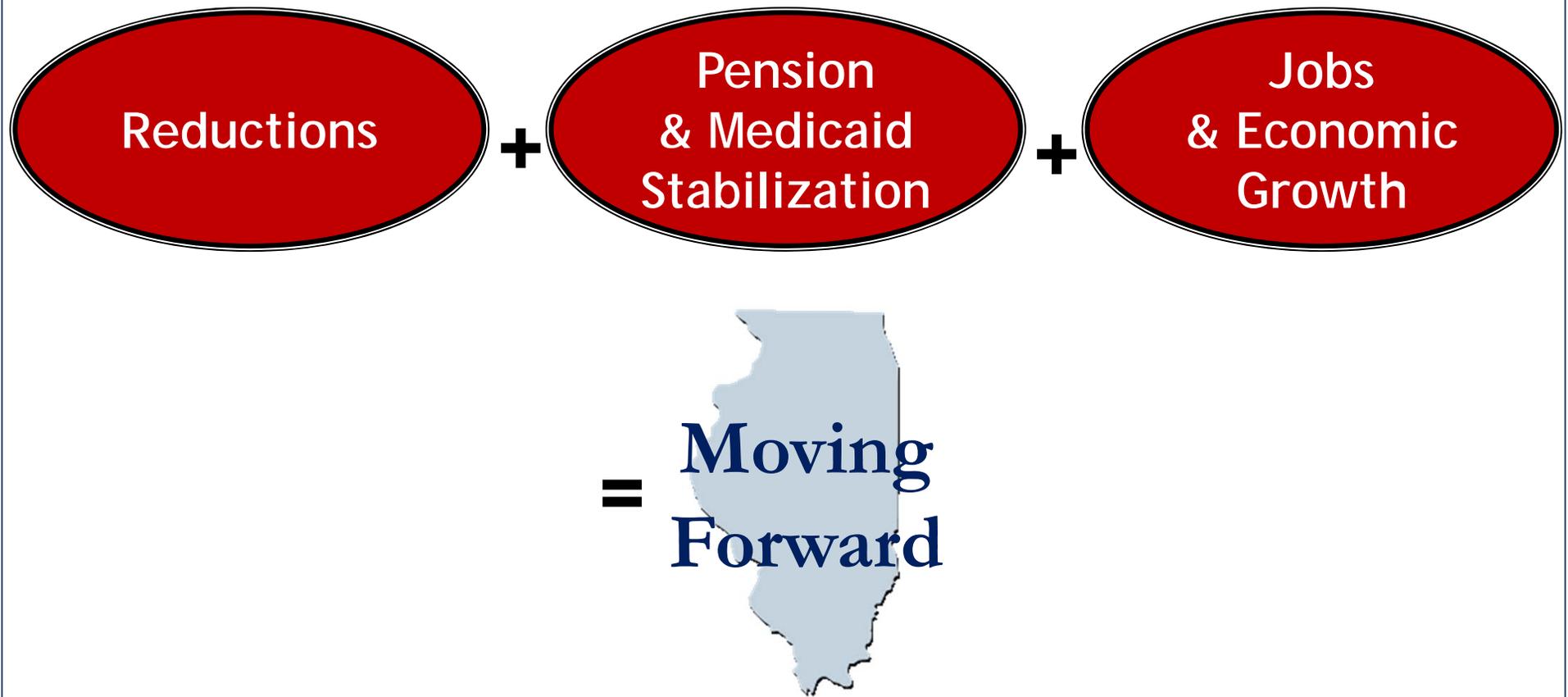
Tax fairness

Unemployment insurance reform

Ethics reform

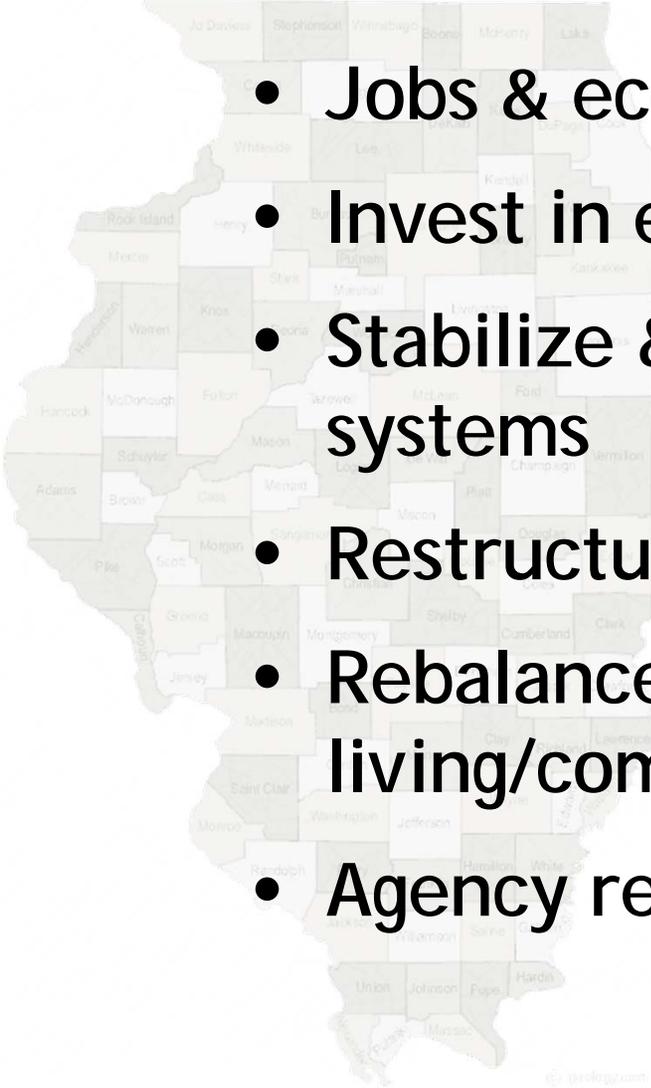
McCormick Place Reform

Environmental permit streamlining





GOVERNOR'S PRIORITIES

- 
- A light gray map of Illinois, showing the outlines of its counties. The map is positioned behind the list of priorities.
- **Jobs & economic growth**
 - **Invest in education**
 - **Stabilize & strengthen pension systems**
 - **Restructure Medicaid system**
 - **Rebalance institutional living/community care**
 - **Agency reductions & efficiencies**



JOBS & ECONOMIC GROWTH

What we are doing

- Illinois added nearly 53,000 jobs last year
- Illinois has added nearly 100,000 jobs since our recovery began in January 2010
- Growth achieved through
 - Investments in infrastructure
 - Passing important legislation, such as workers' compensation reform, to make state an even better place to do business
 - Encouraging growth in an internationally competitive and productive economy



JOBS & ECONOMIC GROWTH

What we are doing

- Capital & Illinois Jobs Now!
 - Improved 5,948 miles of highway and 842 bridges
 - Built and renovated more than 400 schools
- Exports & manufacturing
 - Exports jumped almost 30% last year, nearly double national average
 - Resurgence of auto & heavy equipment manufacturing



JOBS & ECONOMIC GROWTH

2012 Illinois Jobs Agenda

- Targeted tax cuts to promote growth
 - Hiring veterans tax credit
 - Child tax credit
 - Abolish natural gas tax
- Investment in education to prepare students for the jobs of tomorrow
- Affordable housing to help families and stabilize communities
- Clean water initiative to keep water safe, while creating thousands of jobs now



JOBS & ECONOMIC GROWTH



Continue commitment to capital

- Finish Illinois Jobs Now!
- 21st Century Schools
- Clean water
- Maintenance of state & higher education facilities



INVEST IN EDUCATION

Governor Quinn has maintained K-12
& higher education funding

FY12 - \$8.86 billion

FY13 - \$8.95 billion

- Early childhood funding +\$20 million over FY12
- Monetary Award Program (MAP) funding +\$50 million over FY12

Numbers reflect General Funds



STABILIZE & STRENGTHEN PENSION SYSTEMS

**THE PROBLEM: PENSION SYSTEM
DRAMATICALLY UNDERFUNDED, SQUEEZING
THE REST OF THE BUDGET**

How did we get here?

- Historically, state didn't pay enough to fully fund the system
- Increased retiree benefits without sufficient revenues
- Great Recession market decline
- Some employers not directly responsible for the cost of paying for retirement benefits



STABILIZE & STRENGTHEN PENSION SYSTEMS



Working group

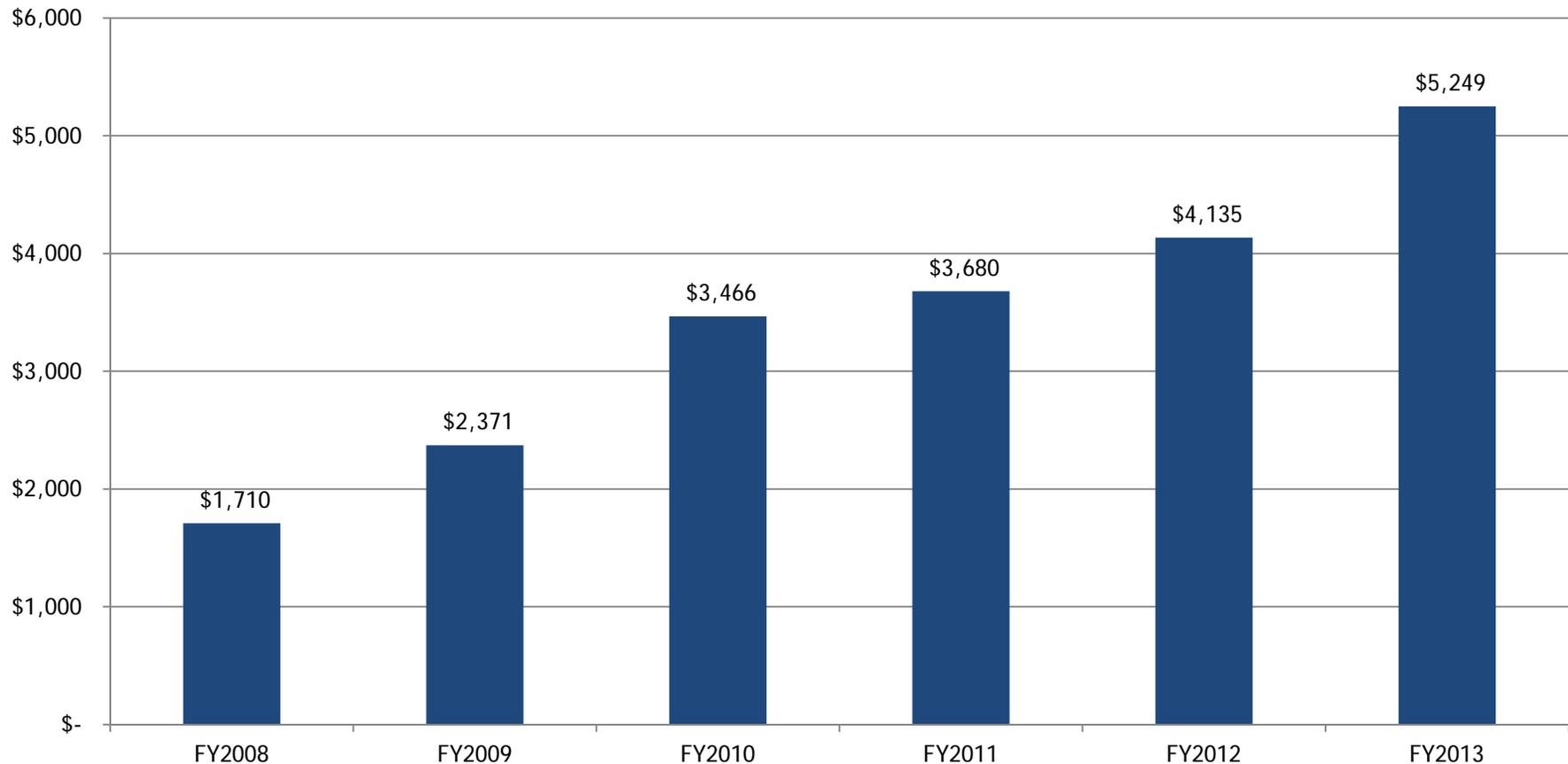
- Stabilize funding
- Balance contributions
- Examine benefits



STABILIZE & STRENGTHEN PENSION SYSTEMS

\$ in millions

General Funds Statutory Pension Contributions Growth

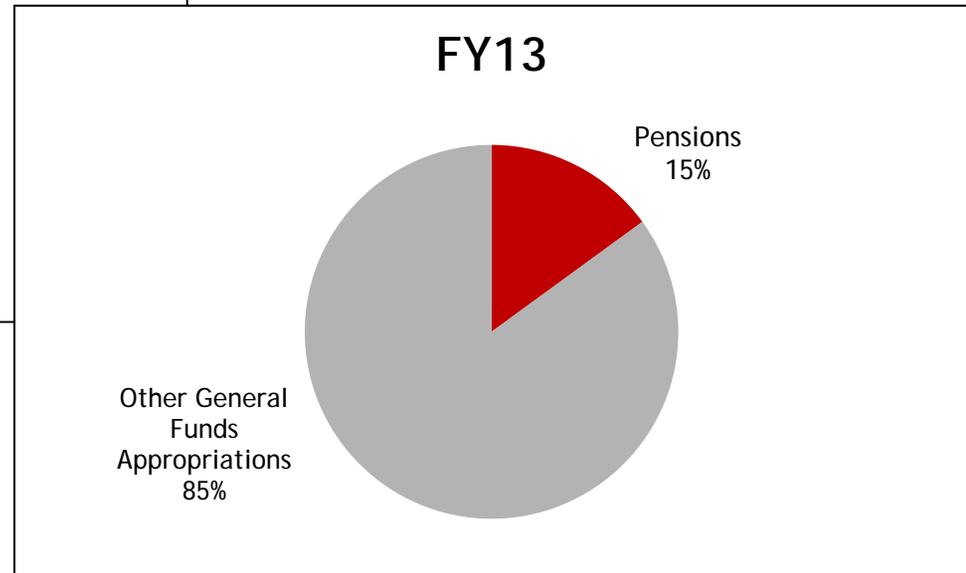
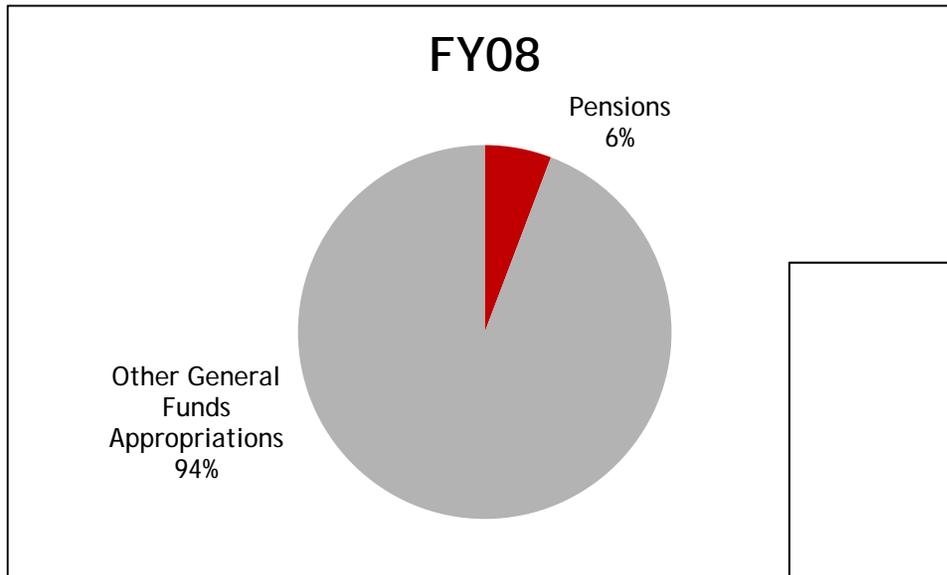


FY13 introduced budget assumes \$160 million contribution through Unclaimed Property Fund, which would reduce contribution from General Funds to \$5,089 million



STABILIZE & STRENGTHEN PENSION SYSTEMS

Pension Cost as % of Total General Funds Revenues

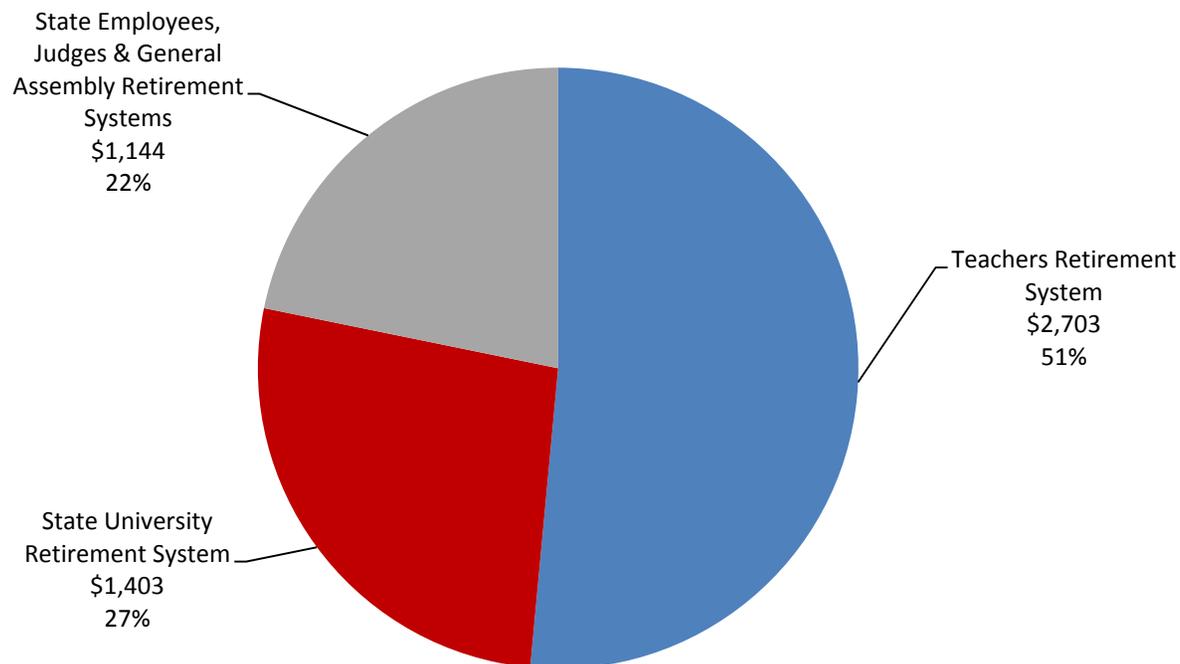




STABILIZE & STRENGTHEN PENSION SYSTEMS

General Funds Allocation to Pension Funds

FY13





RESTRUCTURE MEDICAID SYSTEM

**THE PROBLEM: LIABILITY MUST BE CUT
BY \$2.7 BILLION TO AVOID INCREASING
BILL BACKLOG**

How did we get here?

- Deferral of Medicaid bills to future years
- Federal stimulus expired
- Fee-for-service system
- Enrollment growth due to recession



RESTRUCTURE MEDICAID SYSTEM



- Liability reductions
- Modernized eligibility standards
- Utilization controls
- Rate reduction & reform
- Accelerate integrated managed care
- Coordination of long-term care programs
- Protect against fraud & abuse



REBALANCE INSTITUTIONAL & COMMUNITY CARE

FY13 budget presentation

Appropriations for:

- Institutional long-term care
- Community-based care
- Transitions

Coordinated
long-term
care

Long-term care reform ensures sustainable programs offering quality care at less cost to the state



REBALANCE INSTITUTIONAL & COMMUNITY CARE

- Governor Quinn is committed to increasing community care options and improving the quality of life for people who require continuous care
- The approach will allow for the safe and smart transition of care for some of our most vulnerable citizens to community care settings



REBALANCE INSTITUTIONAL & COMMUNITY CARE

- FY13 budget includes funding to ensure smooth transitions & coordinated care
- Continue movement of services from costly institutions to supportive community settings
- Compliance with consent decrees
- FY13 Human Services facility closures
 - Jacksonville, Tinley Park, Singer (Rockford) & Murray (Centralia)



AGENCY REDUCTIONS & EFFICIENCIES

Most agencies were tasked with reducing their budgets approximately 9%

DOC closures

- Tamms, Dwight
- Adult Transition Centers—
Peoria, Crossroads Chicago,
Westside Chicago, Decatur,
Aurora, Carbondale

DHS consolidations

- 24 local offices across the state

FY13 Juvenile Justice closures

- Joliet, Murphysboro

Agriculture consolidation

- Centralia lab

DCFS consolidations

- Chicago Division, Chicago
Emerald, Skokie

ISP consolidations

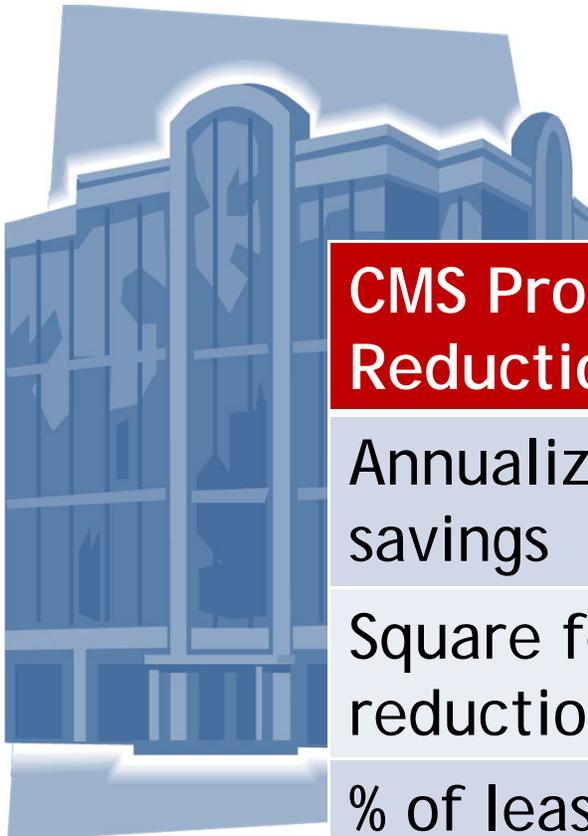
- Carbondale forensic lab
- 16 telecommunications centers

CMS consolidations

- 4 state garages



AGENCY REDUCTIONS & EFFICIENCIES



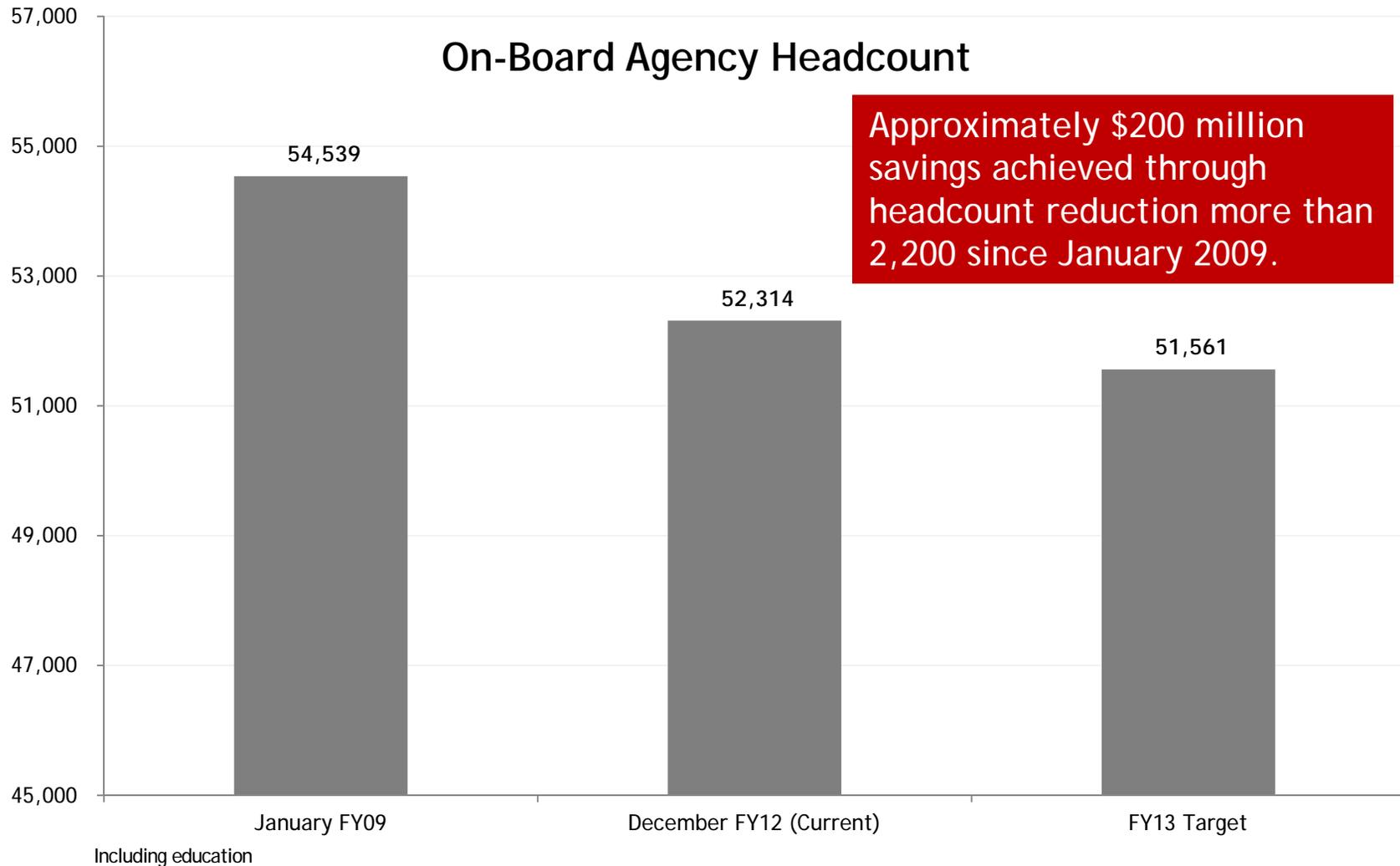
CMS Property Management Lease Reductions Since January 2009

Annualized lease savings	\$43,591,362
Square feet reduction	1,929,843
% of leased square feet eliminated	21.4%

Through January 2012



AGENCY REDUCTIONS & EFFICIENCIES





THE INTRODUCED BUDGET

Budgeting for Results

- Budgeting based on existing revenues
- Fund policy priorities that are most important to moving Illinois forward
- Three-year projection
- Budgeting for Results commission
- Increase transparency & accountability



THE INTRODUCED BUDGET

FY13 Total General Funds Resources	\$33,940,000,000
FY13 Total General Funds Expenditures	\$33,777,000,000
Balance for Debt Reduction	\$163,000,000

Expenditures include appropriations and transfers out



THE INTRODUCED BUDGET

General Funds Agency Appropriations History

\$ in millions

